

CITY OF CHICAGO

DIVISION/HOMAN REDEVELOPMENT PROJECT AREA

TAX INCREMENT FINANCE PROGRAM

REDEVELOPMENT PLAN AND PROJECT

**CITY OF CHICAGO
RICHARD M. DALEY
MAYOR**

THIS REDEVELOPMENT PLAN IS SUBJECT TO REVIEW, COMMENTS AND REVISION.

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**REDEVELOPMENT PLAN AND PROJECT FOR
DIVISION/HOMAN REDEVELOPMENT PROJECT AREA
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I. INTRODUCTION

Louik/Schneider and Associates, Inc. has been retained by the City of Chicago to develop a Redevelopment Plan and Project of the proposed redevelopment area known as Division/Homan Redevelopment Project Area, Chicago, Illinois ("Redevelopment Project Area"). The Redevelopment Project Area is located in the City of Chicago ("City"), approximately three miles northwest of the central business district in the Humboldt Park and West Town community areas.

The Redevelopment Project Area is well suited for a variety of residential, commercial, institutional and light industrial development uses. It is surrounded by residential uses to the north, west and southwest, commercial and industrial uses to the south, and mixed-use as well as commercial/residential/institutional uses to the east and northeast. North Kedzie Avenue provides the main arterial access from the north and south, West Division Street from the east and west, and West Grand Avenue along the Redevelopment Project Area's southwestern boundary.

The purpose of the Division/Homan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project ("Plan") is to establish a mechanism to allow for the planning, financing and implementation of rehabilitation and development of residential, commercial, institutional (e.g. schools, police department, fire department, library, etc.), and light-industrial uses, as well as public improvements including open space and streetscape beautification projects.

This Plan summarizes the analyses and findings of the consultants' work, which, unless otherwise noted, is the responsibility of Louik/Schneider & Associates, Inc., Macondo Corp. and Noitam, Inc. The City is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a Redevelopment Project Area under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"). Louik/Schneider & Associates, Inc. has prepared this Plan and the related Housing Impact and Eligibility Studies with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related Housing Impact and Eligibility Studies in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that Louik/Schneider & Associates, Inc. has obtained the necessary information so that the Plan and the related Eligibility Study will comply with the Act.

II. REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located within the Humboldt Park and West Town community areas of the City, approximately three miles northwest of the central business district. The Redevelopment Project Area is 358 acres and is generally bounded by West Potomac and West North Avenues on the north; North Sacramento and North California Avenues on the east; West Walton Street and West Chicago Avenue on the south; and North Hamlin Avenue on the west. The legal description of the Redevelopment Project Area boundaries was prepared by Chicago Guarantee Survey Company and is attached to this Plan as Exhibit 1 - *Legal Description*.

Arterial access to the Redevelopment Project Area is via North Kedzie Avenue (running north/south), West Division Street (running east/west), and West Grand Avenue along the southwestern boundary. Division Street provides eastern and western access to surrounding neighborhoods as well as a direct entrance to the Kennedy Expressway (I-94) to the east. North Kedzie Avenue provides northern and southern access to surrounding neighborhoods as well as a direct entrance to the Eisenhower Expressway (I-290) to the south. West Grand Avenue provides a direct route between the central business district and the western suburbs.

The Redevelopment Project Area is situated between the Hermosa station on the Metra Milwaukee District West suburban commuter rail line that runs between Elgin and downtown Chicago and the Kedzie station on the Metra/Union Pacific West line that runs between Geneva, Illinois and downtown Chicago.

Convenient east- and westbound Chicago Transit Authority bus service is available on the #65 Grand, #72 North and #70 Division routes. North and southbound bus service is available on the #52 Kedzie-California, #42 Western and #82 Kimball-Homan routes. The Redevelopment Project Area is also located approximately one mile from the CTA Green Line Kedzie station, approximately one mile from the CTA Blue Line Damen station, and approximately one and one-half mile from the CTA Blue Line Division station.

A. EXISTING CONDITIONS AND LAND USE

The Redevelopment Project Area currently contains residential, commercial, light industrial, open space and institutional uses (see Map 2 - *Existing Land Use*). It is well suited to all the current uses due to the strong community base within its surrounding neighborhoods and its close proximity to good local and regional public transportation networks.

Current conditions found in the Redevelopment Project Area include obsolescence, deterioration and dilapidation. The aforementioned conditions are prevalent throughout the Redevelopment Project Area and can be associated with all types of existing land uses.

The highest concentration of residential uses is generally contained north of West Augusta Avenue, south of West Division Street, east of North Homan Avenue and west of North Kedzie

Avenue. Many of the residential structures suffer from neglect and deterioration. Another significant residential pocket is the area generally bounded by the east alley of North Monticello Avenue, North Hamlin Avenue, West Potomac Avenue and the southern alley of West Grand Avenue. Underutilized storefronts and commercial facilities are scattered throughout this area and suffer from deterioration.

There are several institutional uses, both public and private, within the Redevelopment Project Area. The private institutional use is the Chicago Association House, located along North Kedzie Avenue north of West Augusta Avenue. Public institutional uses include Pablo Casals Public Elementary School, Cameron Public Elementary School, Grand Playlot and the Chicago Park District's Humboldt Park (the "Park").

The Park is located between North Avenue and Augusta Boulevard and California and Kedzie Avenues within the Redevelopment Project Area. While the Park's roads have been recently renovated, the remaining infrastructure is in disrepair. Dilapidated curbs, broken lights, underutilized and aging park buildings, and vandalism are contributing factors to the overall deterioration of both the park and the Redevelopment Project Area.

The existing industrial uses within the Redevelopment Project Area are adjacent to the West Grand Avenue corridor from the Redevelopment Project Area's southeastern boundary extending northwest until West Potomac Avenue. Generally, industrial facilities within the Redevelopment Project Area suffer from obsolescence and have been unable to maximize their potential or expand due to the lack of available land in their present locations.

West Division Street, West Grand Avenue and North Homan Avenue bound a specific commercial corridor within the Redevelopment Project Area. This corridor is underutilized, severely deteriorated and contains mainly dilapidated buildings and vacant lots. Lack of maintenance to sidewalks and street fixtures also exists.

B. AREA HISTORY

The Redevelopment Project Area is a subsection of the greater Humboldt Park and West Town community areas located on the near northwest side of Chicago. The two community areas share Chicago's rich history and cultural heritage. While the two communities are integral parts in the fabric that forms Chicago, it is evident that the peaks of both were in the earlier quarter of the 20th century. Since the Twenties, the Humboldt Park and West Town community areas have steadily declined in businesses, industry and population.

Much of West Town was annexed to the City in March of 1837. Centers of industry revolved around the neighborhood rail yards and the factories built along Milwaukee Avenue and the North Branch of the Chicago River. With this industry came the influx of a diverse ethnic work force that established residence throughout West Town.

Most of Humboldt Park was annexed to the City in 1869, the same year that saw the 207-acre park named after Alexander von Humboldt established. Germans and Scandinavians comprised most of the early settlers in what was then primarily farmland and prairie. The

aftermath of the 1871 Chicago Fire brought a new wave of working-class settlers attracted by the inexpensive housing built just outside of the City's fire code limits. The annexation of the town of Jefferson in 1889 completed the incorporation of the present area into the City.

The Humboldt Park area has had a significant industrial component from the beginning, developing mostly along the railroad lines at the area's northern, southern and western boundaries. Primary retail shopping areas have concentrated along North Avenue, Western Avenue and Division Street.

The community has experienced to varying degrees the strains associated with high population turnover. Among the major concerns of community residents today are the overcrowding and quality of area schools, increased gang activity, maintaining police relations, safety and security, and the quality of other City services and housing stock.

The local churches, some of the most stable and strong institutions in the community, have been at the forefront of involvement in organizing and service delivery programs. Enthusiastic support for the school reform movement has brought together a broad cross-section of the neighborhood's residents and increased parental involvement in the local schools.

Humboldt Park and West Town have a strong history of activism, evidenced by the number of community organizations that are actively helping to rehabilitate housing for low- and moderate-income residents; providing assistance in securing mortgages and loans for current homeowners or residents who want to buy; and organizing job training, adult education, and safety and youth programs.

C. MARKET AREA CHARACTERISTICS

While the Humboldt Park area is primarily residential with sections of commercial, institutional and industrial uses, the potential for a strong commercial corridor is evident throughout several sections of the Redevelopment Project Area.

Significant commercial growth would most likely occur along both West Division Street and West Grand Avenue. There are multiple underutilized sites that are either vacant or have existing structures that could be key strategic locations for major market retailers or new anchor developments. With the introduction of a major market retailer and accompanying local clientele, new and existing local businesses will benefit from increased exposure and population. The Redevelopment Project Area also has relatively solid housing stock, a number of active non-profit housing and social service agencies, and one of the largest public parks in the City, Humboldt Park.

D. COMMERCIAL REDEVELOPMENT AREA

In 1999, pursuant to a plan known as the Humboldt Park Redevelopment Plan and Designation Report, dated January 12, 1999, the Community Development Commission designated a larger

area that is generally bounded by West North Avenue on the north, West Division Street and West Augusta Street on the south, North Western Avenue on the east, and North Central Park Avenue on the west as the Humboldt Park Redevelopment Area. This larger area encompasses the Division/Homan Redevelopment Project Area that is the subject of this Plan. The basis for the Humboldt Park Redevelopment Plan is set forth in Chapter 2-124-010(e) of the Chicago Municipal Code which defines a Redevelopment Plan as a "comprehensive program for the clearing or rehabilitation and the physical development of a redevelopment area." The Humboldt Park Redevelopment Plan encourages existing business owners and residents to seek financial assistance in order to rehabilitate, repair and maintain their properties. It also encourages developers to achieve quality designs that are both functional and aesthetically significant.

This Plan is intended to serve as a tool to implement the goals and objectives identified in the Humboldt Park Redevelopment Plan, which was a result of the input, vision and hard work of community residents and served as a guide for this Plan.

E. ZONING CHARACTERISTICS

The Redevelopment Project Area is primarily zoned for residential, business, commercial and manufacturing. Permitted uses for the Redevelopment Project Area include residential uses zoned R4 and R5; business districts zoned B2-2, B2-3, B2-5 and B4-1; commercial uses zoned C1-2 and C3-3; manufacturing uses zoned M1-1, M1-2 and M2-1; and Humboldt Park, which is also zoned R5.

F. TAX INCREMENT ALLOCATION REDEVELOPMENT ACT

An analysis of conditions within the Redevelopment Project Area indicates that it is appropriate for designation as a Redevelopment Project Area under the Act. The Redevelopment Project Area is characterized by conditions that warrant its designation as a "Conservation Area" within the definitions set forth in the Act.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the incremental tax revenues generated by public and private redevelopment. The incremental tax revenues are used to pay for costs that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with an approved redevelopment. Municipalities may issue obligations to be repaid from the stream of real property tax increment revenues that is generated within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed valuation ("EAV") or the Certified Base EAV for all taxable real estate located within the Redevelopment Project Area and the current year EAV. The EAV is the

assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

This Plan has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Plan sets forth the overall program to be undertaken to accomplish these objectives (the "Redevelopment Project").

This Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see Exhibit 3 – *Division/Homan Tax Increment Finance Program - Eligibility Study*). After approval of the Plan, the City Council may then formally designate the Redevelopment Project Area.

The purpose of this Plan is to ensure that new redevelopment occurs:

1. On a coordinated rather than a piecemeal basis to ensure that land use, vehicular access, parking, service and urban design systems will meet modern-day urban planning principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that the blighting factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

Regardless of when the Plan is adopted, it will include land uses that have been approved by the Chicago Plan Commission.

The adoption of the Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area that cannot reasonably be anticipated to be developed without the adoption of this Plan. Public investments will create the appropriate environment to attract the level of private investment required for rebuilding the Redevelopment Project Area.

Successful implementation of the Plan requires that the City take advantage of the real estate tax increment revenues attributed to the Redevelopment Project Area as provided in accordance with the Act.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will be undertaken to facilitate the redevelopment of the Redevelopment Project Area. In order to rehabilitate the Redevelopment Project Area in a planned manner, established goals are necessary. Many of them can be achieved through the effective use of local, state and federal mechanisms. These goals and objectives generally reflect the following City plans and policies:

- Humboldt Park Redevelopment Plan and Designation Report, January 12, 1999
- Humboldt Park Commercial Land Use Plan, June 1996

The following goals are meant to guide the development and/or the review of all future projects that will be undertaken in the Redevelopment Project Area.

GENERAL GOALS

1. Promote the rehabilitation of existing structures and new construction where appropriate throughout the Redevelopment Project Area.
2. Promote affordable and mixed-income rental and for-sale residential developments and mixed-use residential/commercial development.
3. Promote commercial development that includes commercial-only developments, mixed-used residential/commercial developments and a large shopping center that, to the extent feasible, provides a full-service grocery store and other retail uses.
4. Facilitate the development of design objectives and unified streetscape improvements throughout the Redevelopment Project Area.
5. Create an environment within the Redevelopment Project Area that will contribute to the health, safety and general welfare of the City and that will generate additional revenue for the Redevelopment Project Area.
6. Encourage the participation of minorities and women in the redevelopment process of the Redevelopment Project Area.
7. Reduce or eliminate those conditions that qualify the Redevelopment Project Area as a Conservation Area.

ACTIONS

1. Encourage maintenance, restoration, and reuse of existing structures to the maximum extent feasible.
2. Encourage private investment in the rehabilitation of commercial (retail/office) and residential developments where appropriate.
3. Provide needed incentives to encourage new development.
4. Provide for mixed-income residential redevelopment and rehabilitation.
5. Provide necessary right-of-way improvements or adjustments to facilitate and improve traffic flow and to facilitate coordinated development.
6. Provide public and private infrastructure and streetscape improvements and other assistance necessary to promote commercial, residential and open-space development in the Redevelopment Project Area.
7. Use City and private programs and strategies to market the Redevelopment Project Area to appropriate businesses or developers.
8. Encourage the implementation of City programs that support rehabilitation of residential and commercial uses (e.g. Small Business Improvement Fund, Neighborhood Improvement Program).

DESIGN OBJECTIVES

Although overall goals and redevelopment objectives are important in the redevelopment process, the inclusion of design guidelines is necessary to ensure that redevelopment activities result in an attractive and functional environment. The following design objectives give a generalized approach to specific redevelopment projects:

1. Encourage coordinated development of parcels and structures that addresses building design and off-street parking, and is integrated both functionally and aesthetically with adjacent and nearby existing developments.
2. Encourage high standards of building rehabilitation, including façade restoration, storefront merchandising, awning and entryways, and streetscape design to ensure the quality appearance of buildings, rights-of-way and open spaces.
3. Encourage a variety of streetscape amenities, including such items as sidewalk/street planters, flower boxes, plazas, a variety of tree species and ornamental fences where appropriate.

4. Ensure safe and functional circulation patterns, adequate ingress and egress, and capacity for pedestrians and vehicles.
5. Ensure public-way improvements that encourage neighborhood usage of commercial and retail establishments, the enhancement of transit facilities and a pedestrian-friendly environment.

IV. CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

A. ILLINOIS TAX INCREMENT ACT

The Act authorizes Illinois municipalities to redevelop locally designated deteriorated areas through tax increment financing. In order for an area to qualify as a tax increment financing district, it must first be designated as a Blighted Area, a Conservation Area (or a combination of the two), or an Industrial Park Conservation Area.

As set forth in the Act, a "Conservation Area" is any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of three or more of the following factors is detrimental to public safety, health, morals or welfare and such an area may become a blighted area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Environmental clean-up
12. Lack of community planning
13. EAV comparison

The Act further states that the eligibility factors must be (i) present to a meaningful extent, with that presence documented so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area.

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., Macondo Corp. and Noitam, the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, dated January 2001 and entitled *City of Chicago Division/Homan Area Tax Increment Finance Program - Eligibility Study* (the "Eligibility Study"), is attached as Exhibit 3 to this Plan and describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area.

B. CONSERVATION AREA FACTORS

The Redevelopment Project Area is characterized by the presence of six Conservation Area eligibility factors in addition to age as listed in the Act. Summarized below are the findings of the Eligibility Report.

AGE

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that are 35 years or older typically exhibit more problems than more recently constructed buildings.

Major Extent

1. Obsolescence

Obsolescence is defined in the Act as "the condition or process of falling into disuse." Obsolescent structures have become ill suited for the original use.

2. Deterioration

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring major treatment or repair. The Act defines deterioration with respect to buildings as "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia."

3. Deleterious Land Use or Layout

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses that may be considered noxious, offensive to or unsuitable for the surrounding area.

Minor Extent

1. Dilapidation

Dilapidation is referred to in the Act as "an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed."

2. Presence of Structures Below Minimum Code

Structures below minimum code standards, as stated in the Act, include "all structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes."

3. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

Excessive land coverage and overcrowding of structures and community facilities is defined by the Act as "the over-intensive use of property and the crowding of buildings and accessory facilities onto a site."

Conclusion

The conclusion of the consultant team is that the number, degree and distribution of Conservation Area eligibility factors as documented in the Eligibility Study warrant the designation of the Redevelopment Project Area as a Conservation Area as set forth in the Act. Specifically:

- The buildings in the Redevelopment Project Area meet the statutory criteria for age; 81% of the buildings are at least 35 years old.
- Of the 13 eligibility factors for a Conservation Area set forth in the Act in addition to age, three are present to a major extent and three are present to a minor extent. Only three are necessary for designation as a Conservation Area.
- The Conservation Area eligibility factors that are present are reasonably distributed throughout the Redevelopment Project Area.
- The Redevelopment Project Area is not yet a blighted area, but because of the factors described in the Eligibility Study, the Redevelopment Project Area may become a Blighted Area.

Additional research indicates that the Redevelopment Project Area has not benefited from growth and development as a result of investments by private enterprise, and will not be developed without action by the City.

Specifically, the total number of building permits recently requested for new construction and major renovation is lower than could be reasonably expected in an area of economic health. From January 1995 to September 2000, only ten permits for new construction or renovation were issued in an area with 592 parcels (1%). Of these, only five were for the construction of new buildings, while the others were for the building of garages (two), home additions (two), and an inactive storage shelter (one). These limited improvements have stimulated neither private investment nor economic growth within or around the Redevelopment Project Area. Significantly, during the same six years, two permits were issued for demolition (see Exhibit 1 - *Building and Demolition Permit Requests*).

Furthermore, the rate of recent building permit requests has declined severely. In 1995, five of the ten permits (50%), representing 68% of the total private investment over the last six years, were issued. Only one permit per year was issued between January 1996 and September 2000. New construction or major renovation of one building per year for the past five years is not significant enough to affect the entire Redevelopment Project Area.

From this data, together with the other eligibility factors, it can be reasonably concluded that the Redevelopment Project Area (i) has not been subject to growth through private investment, and (ii) will not be developed without municipal leadership. Adoption of the Redevelopment Plan and Project is necessary to halt deterioration of the Redevelopment Project Area.

The eligibility findings indicate that the Redevelopment Project Area contains factors that qualify it as a Conservation Area in need of revitalization and that designation as a redevelopment

project area will contribute to the long-term well being of the City.

The conclusions presented in the Eligibility Study are those of the consulting team. The local governing body should review this report and, if satisfied with the summary of findings contained herein, adopt a resolution that the Redevelopment Project Area qualifies as a Conservation Area, and make the Eligibility Study a part of the public record. The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc., and Macondo Corp. The surveys, research and analysis conducted include:

1. Exterior surveys of the conditions and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions, covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land uses to current zoning ordinance and current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data;
7. Analysis of building permits from 1995 to September 2000 and building code violations from 1995 to September 2000 (as provided by the Department of Buildings) for all parcels in the Redevelopment Project Area; and
8. Evaluation of the EAVs in the Redevelopment Project Area from 1995 to 1999.

The Redevelopment Project Area qualifies as an improved Conservation Area and is therefore eligible for Tax Increment Financing under the Act.

V. DIVISION/HOMAN REDEVELOPMENT PROJECT

The Redevelopment Project is outlined in the following sections: *General Land Use Plan, Redevelopment Plan and Project* and all of its components.

A. GENERAL LAND USE PLAN

The proposed land uses for the Redevelopment Project Area reflect the goals and objectives previously identified. Map 3 - *Proposed Land Use* identifies the land use categories that will be supported by the City's TIF program upon adoption of this Plan as: residential, institutional, mixed-use residential (residential/commercial/institutional), mixed-use industrial (industrial/commercial/institutional), and open space. The proposed mixed-use residential and mixed-use industrial allows for a broad range of uses to be developed on parcels where the existing use is commercial or industrial. Therefore, the opportunities for future development of the Redevelopment Project Area will not be limited to commercial uses, but rather allow for flexibility to decrease commercial vacancy, provide more compatible uses with surrounding residential uses and increase existing commercial viability of the area as a whole.

The Chicago Plan Commission will approve this Plan and the proposed land uses described herein prior to its adoption by the City Council. The proposed land uses and a discussion of the rationale supporting their determination are as follows:

RESIDENTIAL

The proposed residential land use pertains to the existing residential properties located throughout the Redevelopment Project Area and allows for future single and multi-family developments such as townhomes, condominiums or apartment buildings in appropriate locations.

INSTITUTIONAL

Institutional land use includes property used by educational institutions, churches and governmental agencies. The proposed institutional land uses include the existing institutions, both public and private, within the Redevelopment Project Area. Private facilities include the Chicago Association House. Public institutional uses include Pablo Casals Public Elementary School, Cameron Public Elementary School, Grand Playlot and Humboldt Park.

MIXED-USE RESIDENTIAL (RESIDENTIAL/COMMERCIAL/INSTITUTIONAL)

The proposed mixed-use residential/commercial/institutional land use allows for any of the uses to be employed independently or in combination. This mixed-use land category allows for a variety of future development opportunities to occur in response to community needs.

MIXED-USE INDUSTRIAL (INDUSTRIAL/COMMERCIAL/INSTITUTIONAL)

The proposed mixed-use industrial/commercial/institutional land use allows for

any of the uses to be employed independently or in combination. This mixed-use land category allows for a variety of future development opportunities to occur within a site in response to community needs.

OPEN SPACE

The proposed open space land use allows for the creation and/or maintenance of Chicago Park District's playlots, parks and other facilities. The Redevelopment Project Area currently contains the Chicago Park District's Humboldt Park and Grand Playlot.

B. REDEVELOPMENT PLAN AND PROJECT

The purpose of this Plan is to create a planning and programming mechanism that provides a financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing both private actions and public improvements, to assist in the overall redevelopment of the Redevelopment Project Area. Implementation of the Plan will be undertaken in phases and will help to eliminate those existing conditions that make the Redevelopment Project Area susceptible to blight.

The proposed Division/Homan Redevelopment Plan and Project is intended to serve as a tool to implement the goals and objectives identified in the Humboldt Park Redevelopment Plan, dated January 12, 1999, which was the result of the input, vision and hard work of community residents.

Map 4 - *Land Acquisition Overview Map* indicates the parcel currently proposed to be acquired for clearance and redevelopment in the Redevelopment Project Area. Map 5 - *Land Acquisition by Block and Permanent Index Number* portrays the acquisition property in more detail.

In connection with the City exercising its power under the Act to acquire real property not currently identified on the following Acquisition Map, including the exercise of the power of eminent domain, in implementing the Plan the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

For properties described on Map 5 - *Land Acquisition by Block and Permanent Index Number*, the acquisition of occupied properties by the City shall commence within four years from the date of publication of the ordinance approving the Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four-year period, the City may acquire such property pursuant to this Plan under the Act according to its customary procedures.

To address private investment and public improvements, the following redevelopment strategies are recommended:

- Encourage reconfiguration and assemblage of sites to create sites with sufficient size for today's commercial, industrial and residential uses.
- Create sites for new public facilities that better serve the community.
- Provide adequate on- and off-street parking for visitors, employees and customers.
- Provide buffering of adjacent residential areas from commercial and industrial uses with aesthetic screening, landscaping and fencing.
- Provide visual continuity and a retail identity through a coordinated streetscape improvement program - trees, street planters, banners, benches and other street furniture that will improve the physical setting of the community and enhance the area's image and safety.
- Through marketing materials, promote the Redevelopment Area to a wide range of brokers, developers and tenants as a vital retail location.

The Plan for the Redevelopment Project Area incorporates the use of tax increment funds to stimulate and stabilize the Redevelopment Project Area through the planning and programming of public and private improvements. The Plan's underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment. The City may enter into redevelopment agreements, which will generally provide for the City to grant funding for activities permitted by the Act. The funds for these improvements will come from the incremental increase in tax revenues generated from the Redevelopment Project Area, or the City's possible issuance of bonds to be repaid from the incremental taxes. A developer or user may undertake the responsibility for the required site improvements and may further be required to build any agreed-upon improvements required for the project. Under a redevelopment agreement, the developer may also be reimbursed from incremental tax revenues (to the extent permitted by the Act) for all or a portion of eligible costs.

C. ESTIMATED REDEVELOPMENT PROJECT ACTIVITIES AND COSTS

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking certain activities and incurring certain costs. Such activities may include some or all of those listed below.

1. **ANALYSIS, ADMINISTRATION, STUDIES, LEGAL, ETC.** Funds may be used by the City to provide for activities including the long-term management of the Redevelopment Project as well as the costs of establishing the program and designing its components. Funds may be used by the City to provide for costs of studies; surveys; development of plans and specifications; marketing sites within the Redevelopment Project Area to prospective businesses, developers, and

investors; and implementation and administration of the Plan, including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning, environmental or other services (provided, however, that no charges for professional services may be based on a percentage of the tax increment collected).

2. **ASSEMBLAGE OF SITES/SITE PREPARATION.** To meet the goals and objectives of this Plan, the City may acquire and assemble property throughout the Redevelopment Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication to the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

Map 4 - *Land Acquisition Overview* indicates the parcel currently proposed to be acquired for clearance and redevelopment in the Redevelopment Project Area. Map 5 - *Land Acquisition by Block and Permanent Index Number* identifies the acquisition property in more detail.

In connection with the City exercising its power under the Act to acquire real property, including the exercise of the power of eminent domain, in implementing the Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Plan.

For properties described on Map 5 - *Land Acquisition by Block and Permanent Index Number*, the acquisition of occupied properties by the City shall commence within four years from the date of the publication of the ordinance approving the Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four-year period, the City may acquire such property pursuant to this Plan under the Act according to its customary procedures.

Property assembly costs include but are not limited to acquisition of land and other property, real or personal, or rights or interests therein; demolition of buildings; environmental remediation; and the clearing and grading of land. Site preparation, site improvements that serve as an engineered barrier addressing ground-level or below-ground environmental contamination, parking lots and other concrete or asphalt barriers are also included.

The Humboldt Park Redevelopment Area Plan established City authority to acquire and assemble property (see Map 6 - *Humboldt Park Redevelopment Area Acquisition Parcels*). Such acquisition and assembly under that authority is consistent with this Plan. Nothing in the Plan shall be deemed to limit or adversely affect the authority of the City under the Humboldt Park Redevelopment Plan to acquire and assemble property. Accordingly, incremental property taxes from the Redevelopment Project Area may be used to fund the acquisition and assembly of property by the City under the authority of the Humboldt Park Redevelopment Area.

3. **REHABILITATION COSTS.** The costs for rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements including but not limited to provision of facade improvements for the purpose of improving the facades of privately held properties, may be funded.
4. **PROVISION OF PUBLIC IMPROVEMENTS AND FACILITIES.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:
 - a. Provision of streets, public rights-of-way and public transit facilities
 - b. Provision of utilities necessary to serve redevelopment
 - c. Public landscaping
 - d. Public landscape/buffer improvements, street lighting and general beautification improvements
 - e. Public facilities and buildings
 - f. Public schools
 - g. Public parks and open space
5. **JOB TRAINING AND RELATED EDUCATIONAL PROGRAMS.** Funds may be used by the City for programs to be created for Chicago residents so that they may take advantage of the employment opportunities in the Redevelopment Project Area.
6. **FINANCING COSTS.** Financing costs may be funded, including but not limited to all necessary and incidental expenses related to the issuance of obligations. This may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, not exceeding 36 months thereafter and including reasonable reserves related thereto.
7. **CAPITAL COSTS.** To the extent the City, by written agreement, accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Project and Plan may be funded. This category may also include reimbursement of capital

costs of taxing districts affected by the redevelopment of the Redevelopment Project Area, as permitted by the Act.

8. **PROVISION FOR RELOCATION COSTS.** Relocation assistance may be provided in order to facilitate redevelopment of portions of the Redevelopment Project Area and to meet other City objectives. Businesses or households legally occupying properties to be acquired by the City may be provided with relocation, advisory and financial assistance as determined by the City. In the event that the implementation of the Redevelopment Plan results in the removal of residential housing units in the Redevelopment Project Area occupied by low-income households or very low-income households, such households shall be provided affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations thereunder (including eligibility criteria). Affordable housing may be either existing or newly-constructed housing. The City shall make a good faith effort to ensure that the alternate affordable housing is located in or near the Redevelopment Project Area.

As used in the above paragraph, "low-income households," "very low-income households" and "affordable housing" shall have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. As of the date of this Redevelopment Plan, these statutory terms are defined as follows: (a) "low-income household" means a single person, family or unrelated persons living together whose adjusted income is more than 50% but less than 80% of the median income of the area of residence, adjusted for family size, as such adjusted income and median income are determined from time to time by the United States Department of Housing and Urban Development ("HUD"), for purposes of Section 8 of the United States Housing Act of 1937; (b) "very low-income household" means a single person, family or unrelated persons living together whose adjusted income is not more than 50% of the median income of the area of residence, adjusted for family size, as so determined by HUD; and (c) "affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30% of the maximum allowable income as stated for such households.

Costs of the construction of public works or improvements consistent with the Act, including the costs of replacing an existing public building if, pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.

9. **PAYMENT IN LIEU OF TAXES.** These will be provided in accordance with the Act.
10. **COSTS OF JOB TRAINING.** Funds may be provided for costs, incurred by one or

more taxing districts, of job training, advanced vocational education, “welfare to work” programs implemented by businesses located within the Redevelopment Project Area, or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment; provided that such costs (a) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by companies located in the Redevelopment Project Area, and (b) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing districts. Such an agreement must describe the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or anticipated, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs specifically include the payment to community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act (as defined in the Act) and to school districts for costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code (as defined in the Act).

11. **INTEREST COSTS.** Funds may be provided to developers or redevelopers for a portion of interest costs incurred in the construction of a redevelopment project. Interest costs incurred by a developer or redeveloper related to the construction, renovation or rehabilitation of a redevelopment project may be funded provided that:
- a) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - b) Such payments in any one year do not exceed 30% of the annual interest costs incurred by the developer or the redeveloper with regard to the redevelopment project during that year;
 - c) If there are not sufficient funds available in the special tax allocation fund to make the payment described in this paragraph, then the amounts due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - d) The total of such interest payments paid pursuant to the Act does not exceed 30% of the total of costs paid or incurred by the developer or redeveloper for the redevelopment project plus Redevelopment Project Costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act;
 - e) Up to 75% of the interest cost incurred by a redeveloper is for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
12. **NEW CONSTRUCTION COSTS.** Unless explicitly provided for in the Act, the cost of construction of new privately-owned buildings shall not be an eligible Redevelopment Project Cost.

13. **REDEVELOPMENT AND OTHER AGREEMENTS.** The City may enter into redevelopment agreements with private developers or redevelopers, which may include but not be limited to terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements. In addition, the City may enter into intergovernmental agreements with public entities to construct, rehabilitate, renovate or restore public improvements.
14. **AFFORDABLE HOUSING.** Funds may be provided for up to 50% of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act.
- In addition, the City requires that developers who receive tax increment revenues for market-rate housing set aside a minimum of 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means that the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120% of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.
15. **DAY CARE SERVICES.** Funds may be provided for day care services for children of employees from low-income families working for businesses located within the Redevelopment Project Area, and all or a portion of the cost of operation of day care centers established by Redevelopment Project Area businesses to serve employees from low-income families working in businesses located in the Redevelopment Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county or regional median income as determined from time to time by HUD.
16. **SCHOOLS.** An elementary, secondary, or unit school district's increased costs attributable to increased housing units may be reimbursed as provided in the Act.

To undertake these activities, redevelopment project costs will be incurred. "Redevelopment Project Costs" means the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Plan pursuant to the Act.

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 1235/0.01, et. seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the Redevelopment Project

Area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

The City may incur Redevelopment Project Costs, which are paid from the funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

The estimated Redevelopment Project Costs are shown in Table 1. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. The Redevelopment Project Costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 - *Estimated Redevelopment Project Costs* represents those eligible project costs pursuant to the Act. These upper limit expenditures are potential costs to be expended over the maximum 23-year life of the Redevelopment Project Area. These funds are subject to the amount of projects and incremental tax revenues generated and the City's willingness to fund proposed projects on a project-by-project basis.

TABLE 1 – ESTIMATED REDEVELOPMENT PROJECT COSTS

	Program/Action/Improvements	Estimated Costs*
1.	Property Assembly: acquisition, site preparation and demolition, and environmental remediation	\$7,000,000
2.	Public Work and Improvements: streets and utilities, parks and open space, public facilities (schools and other public facilities) ⁽¹⁾	\$8,500,000
3.	Relocation	\$1,000,000
4.	Rehabilitation of Existing Structures, Leasehold Improvements, Affordable Housing Construction and Rehabilitation Cost	\$6,000,000
5.	Job Training, Retraining, Welfare-to-Work	\$1,300,000
6.	Interest	\$2,000,000
7.	Professional Services: studies, surveys, plans and specifications, administrative costs relating to redevelopment plan, architectural, engineering, legal, marketing, financial, planning or other services	\$1,700,000
8.	Day Care Services	\$2,000,000
	TOTAL REDEVELOPMENT COSTS ⁽²⁾⁽³⁾	\$29,500,000

*Exclusive of capitalized interest, issuance costs and other financing costs.

- (1) This category may also include paying for reimbursing (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts affected by the redevelopment of the Project Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.
- (2) Total Redevelopment Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs.
- (3) The amount of the Total Redevelopment Costs that can be incurred in the Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Project Area only by a public right of way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Project Area that are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right of way.

Additional funding from other sources such as federal, state, county or local grant funds may be used to supplement the City's ability to finance Redevelopment Project Costs identified above.

D. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project Costs are to be derived principally from tax increment revenues and proceeds from municipal obligations, which are secured principally by tax increment revenues created under the Act. There may be other sources of funds that the City may elect to use to pay for Redevelopment Project Costs or other obligations issued to pay for such costs. These sources include, but are not limited to, state and federal grants, developer contributions and land disposition proceeds generated from the Redevelopment Project Area.

The tax increment revenue that may be used to secure municipal obligations or pay for eligible Redevelopment Project Costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributed to the increase in the current EAV of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the certified EAV base of each such property in the Redevelopment Project Area. Without the adoption of the Plan and the use of such tax incremental revenues, it is not reasonable to anticipate the Redevelopment Project Area would be developed.

In the future, the Redevelopment Project Area may be contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may use net incremental property taxes received from the Redevelopment Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right of way, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support such contiguous redevelopment project areas, or those separated only by a public right of way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

The Redevelopment Project Area may become contiguous to, or separated only by a public right of way from, redevelopment project areas created under the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1, et seq. If the City finds the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right of way are interdependent with those of the Redevelopment Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Plan that net revenues from the Redevelopment Project Area be made available to support any other such redevelopment project areas, and vice versa. The City therefore proposes to use net incremental revenues received from the redevelopment project area to pay eligible Redevelopment Project Costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any other such areas, and vice versa. These revenues may be transferred or loaned between the redevelopment project areas.

E. ISSUANCE OF OBLIGATIONS

To finance Redevelopment Project Costs pursuant to Section 11-74.4-7, the City may issue general obligation bonds or obligations secured by the anticipated tax increment revenue

generated within the Redevelopment Project Area, or the City may permit the use of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, the City may pledge toward payment of such obligations any part or any combination of the following: 1) net revenues of all or part of any redevelopment project; 2) taxes levied and collected on any or all property in the City; 3) a mortgage on part or all of the Redevelopment Project Area.

All obligations issued by the City to finance Redevelopment Project Costs shall be retired no later than December 31st of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area is adopted (by December 31, 2025). The Redevelopment Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area is adopted (by December 31, 2025). Also, the final maturity date of any such obligations issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying Redevelopment Project Costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, mandatory or optional redemptions, and for reserves and bond sinking funds and, to the extent that real property tax increment is not needed for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

F. MOST RECENT EQUALIZED ASSESSED VALUATION OF PROPERTIES

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Redevelopment Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Redevelopment Project Area. The 1999 EAV of all taxable parcels in the Redevelopment Project Area is approximately \$26,162,032. This total EAV amount, by PIN, is summarized in Table 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County. If the 2000 EAV shall become available prior to the date of the adoption of the Redevelopment Plan by the City Council, the City may update the

Redevelopment Plan by replacing the 1999 EAV with the 2000 EAV without further City Council action.

G. ANTICIPATED EQUALIZED ASSESSED VALUATION

By the year 2008, when it is estimated that the Redevelopment Project, based on current information, will be constructed and fully assessed, the estimated EAV of real property within the Redevelopment Project Area is anticipated to be between \$37,000,000 and \$41,000,000. These estimates are based on several key assumptions, including: 1) all currently projected development will be constructed and occupied by 2008; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Plan; 3) the most recent State Multiplier of 2.1799 as applied to 1999 assessed values will remain unchanged; 4) for the duration of the Redevelopment Project Area, the tax rate for the entire area is assumed to be the same and will remain unchanged from the 1999 level; and 5) growth from reassessments of existing properties in the Redevelopment Project Area will be at a rate of 2.5% per year with a reassessment every three years. Although development in the Redevelopment Project Area could occur after 2008, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section N of the Plan, "Phasing and Scheduling of Redevelopment," public improvements and the expenditure of Redevelopment Project Costs may be necessary in furtherance of the Plan throughout the period that the Plan is in effect.

H. LACK OF GROWTH AND DEVELOPMENT

As described in Section IV - *Conservation Area Conditions*, the Redevelopment Project Area is adversely affected by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. Additional research indicates that the Redevelopment Project Area has not benefited from growth and development as a result of private investment, and will not be developed without action by the City.

Specifically, the total number of building permits recently requested for new construction and major renovation is lower than could be reasonably expected in an area of economic health. From January 1995 to September 2000, only ten permits for new construction or renovation were issued in an area with 592 parcels (1%). Of these, only five were for the construction of new buildings, while the others were for the building of garages (two), home additions (two), and an inactive storage shelter (one). These limited improvements have stimulated neither private investment nor economic growth within or around the Redevelopment Project Area. Significantly, during the same six years, two permits were issued for demolition (see Eligibility Study - Exhibit 1 - *Building and Demolition Permit Requests*).

Furthermore, the rate of recent building permit requests has declined severely. In 1995, five of the ten permits (50%), representing 68% of the total private investment over the last six years, were issued. Only one permit per year was issued between January 1996 and September 2000. New construction or major renovation of one building per year for the past five years is not significant enough to affect the entire Redevelopment Project Area.

From this data, together with the other eligibility factors, it can be reasonably concluded that the Redevelopment Project Area (i) has not been subject to growth through private investment, and (ii) will not be developed without municipal leadership. Adoption of the Redevelopment Plan and Project is necessary to halt deterioration of the Redevelopment Project Area.

I. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Plan and tax increment financing, it is not reasonable to expect the Redevelopment Project Area will be redeveloped by private enterprise. There is a real prospect that the Conservation Area conditions will continue and spread, and maintenance and improvement of existing buildings and sites in the surrounding area will suffer. The possible erosion of the assessed value of property, which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment, could lead to a reduction of real estate tax revenue to all taxing districts. The implementation of the Plan may enhance the values of properties within and adjacent to the Redevelopment Project Area.

Subsections A, B, and C of Section V of this Plan describe the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged with various developments taking place over a period of years. If the Redevelopment Project is successful, various new private projects will assist in alleviating the blighting conditions that caused the Redevelopment Project Area to qualify as a Conservation Area under the Act.

The Redevelopment Project is expected to have minor financial impacts on the taxing districts affected by the Plan. During the period when tax increment financing is used in furtherance of this Plan, real estate tax increment revenues (from the increases in EAV over and above the Certified Base EAV established at the time of adoption of this Plan) will be used to pay eligible Redevelopment Project Costs for the Redevelopment Project Area. Incremental revenues will not be available to these taxing districts during this period. After the 23-year period, when the Redevelopment Project Area is no longer in place, any remaining real estate tax revenues will be distributed to all taxing districts levying taxes on property located in the Redevelopment Project Area.

J. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area (see Map 7 - Area Map – *Parks and Public Facilities*):

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the

education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of wastewater from cities, villages and towns, and for the treatment and disposal thereof.

Chicago Community College District 508. This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth grade. Pablo Casals Public Elementary School and Cameron Public Elementary School are located within the Redevelopment Project Area (see Map 7 - Area Map - *Schools and Parks*).

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreational programs. The Chicago Park District's Grand Playlot and Humboldt Park are within the Redevelopment Project Area (see Map 7 - Area Map - *Schools and Parks*).

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including police and fire protection; capital improvements and maintenance; water supply and distribution, sanitation service; building, housing and zoning codes, etc.

The Act requires an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Redevelopment Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund has taxing jurisdiction over part or all of the Redevelopment Project Area. The City of Chicago Library Fund (formerly a separate taxing district from the City) no longer extends taxing levies but continues to exist for the purpose of receiving delinquent taxes.

IMPACT OF THE REDEVELOPMENT PROJECT

The replacement of vacant and underutilized properties may increase the demand for services and/or capital improvements to be provided by the Chicago Board of Education, the Metropolitan Water Reclamation District, the Chicago Park District and the City. The estimated nature of these increased demands for services on these taxing districts is described below.

Chicago Board of Education. The general community rehabilitation may increase demand for the educational services and the number of schools provided by the Chicago Board of Education. The two schools in the Redevelopment Project Area are Pablo Casals Public Elementary School and Cameron Public Elementary School, which are currently at maximum capacity. The City will work with the Board of Education to address the problem of overcrowding, if necessary.

Metropolitan Water Reclamation District of Greater Chicago. The general community rehabilitation should not substantially increase the demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

Chicago Park District. Both Grand Playlot and Humboldt Park are included within the Redevelopment Project Area. The City intends to monitor development with the cooperation of the Chicago Park District to ensure that any increase in the demand for services or future improvements will be adequately addressed.

City of Chicago. The commercial, residential, institutional and industrial rehabilitation should not increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc. It is expected that the appropriate City departments for the services and programs maintained and operated by the City can adequately address any increase in demand.

K. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in prior sections of this Plan, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty and the demand for services provided by the affected taxing districts cannot be quantified. As a result, the City has not developed, at present, a specific plan to address the impact of the Redevelopment Project on taxing districts.

As indicated in Section V, Subsection C and Table 1 of the Appendix, *Estimated Redevelopment Project Costs*, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Project.

L. PROVISION FOR AMENDING ACTION PLAN

The Division/Homan Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

M. FAIR EMPLOYMENT PRACTICES, AFFIRMATIVE ACTION PLAN AND PREVAILING WAGE AGREEMENT

The City is committed to and will implement the following principles with respect to the Redevelopment Project Area:

1. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Project, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed, or ancestry.
2. Redevelopers must meet City standards for participation of 25% Minority Business Enterprises and 5% Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.
3. This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
4. Redevelopers must meet City standards for the prevailing wage rate as determined by the Illinois Department of Labor for all construction employees.

N. PHASING AND SCHEDULING OF REDEVELOPMENT

A phased implementation strategy will be used to achieve a timely and orderly redevelopment of the Redevelopment Project Area. It is expected that while this Plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner. Development within the Redevelopment Project Area intended to be used for housing, commercial and industrial purposes will be staged consistently with the funding and construction of infrastructure improvements and private sector interest. City expenditures for Redevelopment Project Costs will also be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The Redevelopment Project shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired no later than December 31st of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the ordinance approving this Redevelopment Project Area is adopted (by December 31, 2025).

O. HOUSING IMPACT STUDY

As set forth in the Act, "if the redevelopment plan for a redevelopment project area would result in the displacement of residents from ten or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is

unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment plan."

The Redevelopment Project Area contains approximately 489 residential units. The Redevelopment Plan contemplates that some areas within the Redevelopment Project Area that contain inhabited residential units could be redeveloped for uses other than residential uses, which may result in the displacement of ten or more inhabited residential units.

The results of the housing impact study section are described in a separate report that presents the factual information required by the Act. The report, prepared by Louik/Schneider & Associates, Inc. and Macondo Corp., its subconsultant, is entitled *Division/Homan Housing Impact Study*, and is attached as Exhibit 4 to this Redevelopment Plan.